Virginia Department of
HUMAN RESOURCE
MANAGEMENT

Commonwealth of Virginia
Retiree Health Benefits Program

Annual Open Enrollment
April 16—May 16, 2008

Information included in this booklet:

IMPORTANT INFORMATION: Be sure to read these materials carefully to ensure that you understand your coverage options and premium/benefit changes for July 1, 2008.

Recipients of this Package: Retiree group participants receiving this package include Retirees, Survivors and Long Term Disability Participants (not dependents*).

***NOTE—NEW DISTRIBUTION:** Dependents who have separate coverage (under their own ID numbers) will no longer receive Open Enrollment materials directly. Medicare-eligible Retirees, Survivors and Long Term Disability participants who cover dependents who are not eligible for Medicare are receiving this package in order to make a change on behalf of the dependent for whom they provide coverage. Only Retirees, Survivors and Long Term Disability participants can request Open Enrollment changes for covered dependents. (This Open Enrollment period does not apply to Medicare-eligible Retirees, Survivors or Long Term Disability participants.)*

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

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To: State Retiree Health Benefits Program Retirees, Survivors and Long Term Disability Participants who are not eligible for Medicare or who cover a dependent who is not eligible for Medicare

From: Office of State and Local Health Benefits Programs

Date: April 3, 2008

Open Enrollment

From April 16 through May 16, you have the opportunity to make changes to non-Medicare-coordinating health plans and membership levels to be effective July 1, 2008. This package includes information about benefit changes that will go into effect on July 1 so that you can decide if you wish to select another available plan. Instructions explaining how to make allowable changes are provided on page five.

If you wish to maintain your current plan and membership level, you do not need to take any action.

This Open Enrollment Period does not apply to participants in Medicare-coordinating plans (Advantage 65, Medicare Complementary/Option I and Medicare Supplemental/Option II Plans), but Retirees, Survivors and Long Term Disability participants who cover non-Medicare-eligible dependents may make a plan change for their non-Medicare-eligible dependent/s at this time.

Benefit Changes Starting July 1, 2008

COVA Care Dental Plan Deductible – There will be a $50 deductible per covered member (maximum $150 per family membership) for primary dental services (no deductible for diagnostic and preventive services).

COVA Care and COVA HDHP Annual Maximum Dental Benefit – The annual maximum dental benefit will increase to $2,000 for both basic and expanded dental coverage. There is no change in covered services under either plan.

COVA Care Expanded Dental Orthodontic Benefit – The lifetime maximum orthodontic benefit will increase to $2,000.

(Benefit Changes Starting July 1, 2008 – continued)

COVA Care Maternity Benefits – COVA Care members who are expecting a baby and enroll in the *Future Moms* program during the first trimester of pregnancy (and complete the program) will not be required to pay the inpatient hospital co-payment for their delivery. Contact Anthem for more information.

Kaiser Permanente HMO Members – Kaiser will pay 100% of the cost of preventive services. Also, diabetic supplies will be covered under the medical plan (rather than the prescription drug plan) at 20% coinsurance.

Monthly Premium Rates Effective July 1, 2008

Listed below are **monthly premium costs that will become effective on July 1, 2008**. If your premium is currently deducted from your Virginia Retirement System (VRS) benefit and the premium increase (or a requested plan change) results in your retirement benefit no longer being sufficient to support the deduction of your monthly premium, direct billing will automatically begin in June for your July premium. Otherwise, your new premium will be deducted or billed in the usual manner. Keep in mind that, due to administrative differences, direct billing occurs in advance of the coverage month, while VRS benefit-deducted premiums are collected in arrears. This means that you will generally be billed for a two-month premium should you need to transition from a retirement benefit deduction to direct billing.

For the self-insured plans (COVA Care Plans and COVA HDHP), increased claims expense resulted in a premium increase of 6%. However, this increase was reduced by the amount that was collected during the current fiscal year (July 2007—June 2008) to fund future expenses of post-employment benefits (like retiree health benefits). Since this pre-funding contribution will not be collected at this time, the amount collected during the current fiscal year will be credited going forward beginning July 1.

Monthly Premium Cost for July 2008—June 2009

Plan	***Single Premium***	***Two-Person Premium***	***Family Premium***
COVA Care Basic	**$455**	**$842**	**$1,231**
COVA Care + Out-of-Network	**$466**	**$857**	**$1,251**
COVA Care + Expanded Dental	**$469**	**$869**	**$1,271**
COVA Care + Vision, Hearing and Expanded Dental	**$478**	**$887**	**$1,295**
COVA Care + Out-of-Network and Expanded Dental	**$479**	**$883**	**$1,290**
COVA Care + Out-of-Network and Vision, Hearing and Expanded Dental	**$489**	**$900**	**$1,313**
COVA HDHP (High Deductible Health Plan)	**$365**	**$676**	**$988**
Kaiser Permanente HMO*	**$445**	**$822**	**$1,200**

*Kaiser Permanente HMO is only available to participants who live in the Kaiser service area in Northern Virginia. If you are a current Kaiser member and do not live in its service area, you must make another plan selection. You may confirm the Kaiser service area by contacting Kaiser directly or going to the Kaiser Web site—see *Resources* on page eight of this correspondence for contact information.

Making Changes

Open Enrollment Changes - If you wish to make a plan or membership change during Open Enrollment, your completed Enrollment Form must be mailed to your Benefits Administrator and ***postmarked*** no later than May 16, 2008. If you need assistance identifying your Benefits Administrator, refer to *Resources* on page eight.

Enrollment forms are available from your Benefits Administrator or at www.dhrm.virginia.gov. You may also make allowable changes on line by using *EmployeeDirect*, which is available at the same Web site, no later than May 16, 2008. If you make a plan change, be sure that you understand the provisions of the plan that you choose. Once an election is made, it will not be changed except as allowed by the policies of the Department of Human Resource Management. After the Open Enrollment Period ends, you may not revise your Open Enrollment election because you changed your mind or you completed the form incorrectly.

If you are submitting an Enrollment Form to make an Open Enrollment change to be effective July 1, 2008, be sure to check the *Open Enrollment* box as the reason for making the change. Certain plan changes are only allowed at Open Enrollment. However, some changes are allowed outside of Open Enrollment. If you check another reason for your requested change, it could become effective before July 1.

If you submit an Enrollment Form, ***it must be signed by the eligible Enrollee.*** The eligible Enrollee is the Retiree, Survivor or Long Term Disability participant through whom eligibility for coverage is obtained—***not a covered dependent***. Even those covered dependents who have separate/individual ID numbers must have their Enrollment Forms signed by the Enrollee. Enrollment Forms will not be accepted if not signed by the Enrollee.

While you are reviewing your benefits, if you are interested in more information about:

- COVA Care optional benefits—consult your current COVA Care Member Handbook in conjunction with this notification or, if you do not have a current Member Handbook, obtain a copy on the web at www.dhrm.virginia.gov or from Anthem.
- Kaiser Permanente HMO—contact Kaiser directly or go to its Web site—see page eight.
- COVA HDHP—go the www.dhrm.virginia.gov and review the Member Handbook or the COVA HDHP Retiree Fact Sheet (click on Retiree Facts and Information).

Making Changes After Open Enrollment - After the Open Enrollment period, membership ***increases*** will only be allowed based on the occurrence of a consistent qualifying mid-year event (such as marriage or birth of a child). Of course, retiree group participants may ***decrease*** membership prospectively (going forward) at any time. Any membership change due to a qualifying mid-year event will also allow for a plan change.

Other Retiree Group News and Information

ID Cards - Unless you make a plan change that will affect the information on your current ID card (e.g., changing from COVA Care to the COVA HDHP or from COVA Care to Kaiser Permanente HMO), you will not receive a new ID card.

Member Handbooks – Participants in the COVA Care Plans or COVA HDHP on July 1 will receive an updated Member Handbook by July 1. Kaiser Permanente HMO Members will receive a new Evidence of Coverage in September.

IMPORTANT!! When You Become Eligible for Medicare - When retiree group Enrollees (Retirees, Survivors, Long Term Disability Participants) or their covered dependents become eligible for Medicare, Medicare becomes the primary health plan, and they must make a decision as to whether they wish to maintain secondary coverage under the State Retiree Health Benefits Program or terminate coverage. In most cases, Medicare-eligible participants will be contacted through the Enrollee approximately three months in advance of their Medicare eligibility date and provided with their options. If no positive election is made, they will automatically be moved to the Advantage 65 with Dental/Vision Plan, a Medicare supplemental plan that includes Medicare Part D prescription drug coverage (contingent upon approval by Medicare).

Even though the state program makes every effort to identify participants who become eligible for Medicare, it is ultimately the responsibility of the Enrollee to ensure that participants (Enrollees and their covered dependents) who become eligible for Medicare are moved to Medicare-coordinating coverage immediately upon Medicare eligibility. Failure to move to Medicare-coordinating coverage immediately upon eligibility for Medicare can result in retraction of primary payments made in error and a gap in coverage. The state program will not make primary claim payments when Medicare should be the primary coverage. If you or a covered dependent becomes eligible for Medicare and is not contacted by your Benefits Administrator, it is the responsibility of the Enrollee to notify the appropriate Benefits Administrator of Medicare eligibility.

Some important things to consider when making this coverage decision:

- If you wish to select your Medicare-coordinating plan through the state program, you must enroll in Medicare Parts A and B (the Original Medicare Plan) in order to get the full benefit of the Advantage 65 Plan. Failure to enroll in Medicare Parts A and B can result in a significant deficit in your coverage since Advantage 65 will not pay any benefit for which Medicare would have paid had you been enrolled.
- As a Medicare-eligible participant, you may select from available Medicare-coordinating plans.
- If an Enrollee requests termination of coverage in the State Retiree Health Benefits Program, he or she may not re-enroll. Termination of the Enrollee will result in termination of all covered dependents.

For more information about Medicare and the State Retiree Health Benefits Program, go to www.dhrm.virginia.gov and look under *Retiree Facts and Information*.

Becoming Eligible for Medicare During the Open Enrollment Period - If you become eligible for Medicare during the Open Enrollment period, you may receive both an Open Enrollment package and a package notifying you of your Medicare eligibility. If you become eligible for Medicare prior to or on July 1, your Medicare plan election will supersede any Open Enrollment election. If you become eligible for Medicare after July, you may make an Open Enrollment election for July 1, and your Medicare plan election will take place on the first of the appropriate month after July.

Prompt Payment of Premiums - Plan participants are responsible for timely payment of their monthly premiums (either through VRS retirement benefit deduction or by direct payment to the medical claims administrator). Participants who pay directly to the claims administrator (Anthem or Kaiser) receive monthly bills or coupons which indicate when premium payments are due. Monthly premiums that remain unpaid for 31 days after the due date will result in termination of coverage. Claims paid during any period for which premium payment is not received will be recovered. Once an Enrollee and his/her dependents have been terminated for non-payment of premiums, re-enrollment in the program is not allowed except in extreme circumstances and at the discretion of the Department of Human Resource Management.

Participants are responsible for understanding their premium obligation and for notifying their Benefits Administrator within 31 days of any qualifying mid-year event that affects eligibility and/or membership level. Premium overpayments due to failure of the Enrollee to advise the program of membership reductions may result in loss of the overpaid premium amount.

Retiree group participants who are billed directly by Anthem may have their premiums automatically deducted from their bank account instead of having to write a monthly premium check. Also, Anthem can accept on-line payments from your checking or savings account when you are a registered member. To register, go to www.anthem.com, Virginia site. Please contact Anthem (see page eight) to obtain enrollment materials for participation in the Automatic Bank Draft program or for more information regarding the on-line check payment process.

Address Changes - **Was this package forwarded to you from an old address?** If so, be sure to contact your Benefits Administrator immediately to make an address correction, including an updated telephone number. If you have an e-mail address, you may ask to have it included in your eligibility record. Failure to update your address can result in your missing important information about your health benefits program. The Department of Human Resource Management will not be responsible for information that participants miss because their address of record is incorrect. The Department's only means of communicating important information to retiree group participants is through the mail. Please let your Benefits Administrator know when you move! You may also change your address by using *EmployeeDirect* on the Web at www.dhrm.virginia.gov—click on the *EmployeeDirect* link.

If You Need Help… - Retiree group participants should contact their Benefits Administrator with questions regarding Open Enrollment or about eligibility and administrative issues. For most retiree group participants, the Virginia Retirement System (VRS) acts as Benefits Administrator. However, local and optional retirement plan retirees continue to use their pre-retirement agency's Benefits Administrator. Benefits Administrators are generally unable to assist with claims concerns, and those questions should be directed to your claims administrator. Please see your *Resources* on page eight for contact information.

Attachments:

- Resources (page 8)
- Women's Health and Cancer Rights Notice (page 8)

RESOURCES

If you have questions regarding claims or participating providers, contact:

Benefit	***Contact This Administrator***
• **COVA Care Medical** • **COVA Care Optional Vision and Hearing** • **COVA HDHP (all benefits)**	Anthem Blue Cross and Blue Shield Member Svcs. 1-800-552-2682 TDD: 1-804-354-4327 (Richmond) or 1-800-554-7752 Web site: www.anthem.com/cova BlueCard Worldwide (for assistance outside of the US) 1-800-810-BLUE (2583) Web site: www.bcbs.com
• **COVA Care Behavioral Health or Employee Assistance Program**	Value Options, Inc. 1-866-725-0602 Web site: www.achievesolutions.net/covacare
• **COVA Care Dental**	Delta Dental Plan of Virginia 1-888-335-8296 Web site: www.deltadentalva.com
• **COVA Care Prescription Drugs**	Medco Health Solutions, Inc. 1-800-355-8279 Web site: www.medco.com
• **Kaiser Permanente HMO**	Kaiser Foundation Health Plan of the Mid-Atlantic States 1-800-777-7902 or 1-301-468-6000 (in Washington, DC) Web site: http://my.kaiserpermanente.org/mida/commonwealthofvirginia/

If you have questions about eligibility and enrollment, contact:

If You Are A:	***Contact This Benefits Administrator***
Virginia Retirement System Retiree/Survivor or a VSDP Long Term Disability Program Participant	The Virginia Retirement System 1-888-827-3847 www.varetire.org
Local or Optional Retirement Plan Retiree or Survivor	Your Pre-Retirement Agency Benefits Administrator

The Department of Human Resource Management Web site also has information about the State Retiree Health Benefits Program. Go to www.dhrm.virginia.gov.

Notice
Women's Health and Cancer Rights

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician and the patient for:

- **All stages of reconstruction of the breast on which the mastectomy was performed;**
- **Surgery and reconstruction of the other breast to produce a symmetrical appearance;**
- **Prostheses; and**
- **Treatment of physical complications of the mastectomy, including lymphedemas.**

These benefits will be provided subject to the same deductibles and coinsurance applicable to other medical and surgical benefits provided under this plan.